

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE EFFECT OF THE FEDERAL TAX REFORM)
ACT OF 1986 ON THE RATES OF CAPITOL) CASE NO. 9783
OIL COMPANY, INC.)

O R D E R

On January 30, 1987, Capitol Oil Company, Inc., ("Capitol Oil") filed its response to the Commission's Order dated December 11, 1986. In its response, Capitol Oil noted that its annual retail sales subject to the Commission's jurisdiction represent only about \$83,000 out of total sales of over \$1 million.

The December 11, 1986, Order established a proceeding for each utility under the Commission's jurisdiction with reported gross revenue in excess of \$1 million to evaluate the impact of the 1986 Tax Reform Act on required revenues. However, since the level of Capitol Oil's annual revenue subject to the Commission's purview is only about \$83,000, the Commission finds that Capitol Oil should not be subject to the requirements of this examination. The effect of the 1986 Tax Reform Act on Capitol Oil will be reviewed in the same manner as other small utilities and will be an issue in Capitol Oil's next rate proceeding.

IT IS THEREFORE ORDERED that this case be and hereby is dismissed without prejudice.

Done at Frankfort, Kentucky, this 13th day of February, 1987.

PUBLIC SERVICE COMMISSION

Richard D. Wernan, Jr.
Chairman

[Signature]
Vice Chairman

Spencer M. Williams
Commissioner

ATTEST:

Forest M. Skaggs
Executive Director